



Updated January 11, 2022

## The Pacific Islands

### Overview

In recent years, the Pacific Islands region in the Southwest Pacific has re-emerged as an area of interest to major powers, largely due to the People's Republic of China's (PRC's) expanding engagement in the region. The region has strategic significance for the United States and hosts key U.S. military installations. Major issues affecting the Pacific Islands include intra-regional and international tensions, economic development, illegal fishing, climate change, and issues related to self-determination and decolonization.

### Geopolitical Context

Pacific Island countries (PICs) are scattered over a broad expanse of ocean and are divided among three sub-regions—Melanesia, Polynesia, and Micronesia (see **Figure 1**). The United States has long held a major economic and strategic role in the Micronesian subregion, home to two U.S. territories (Guam and the Northern Mariana Islands) and to the Freely Associated States (FAS)—Republic of the Marshall Islands, Federated States of Micronesia, and Republic of Palau—which have special economic and security ties with the United States. U.S. territory American Samoa lies in the Polynesian subregion. Australia and New Zealand maintain strong relations with much of the Southwest Pacific, particularly in the Melanesian subregion.

### Pacific Island Countries

Some PICs, such as Papua New Guinea (PNG) and Fiji, are relatively large with extensive natural resources; others are very small, sitting on top low-lying coral atolls, with limited economic prospects and high vulnerability to the effects of climate change and sea level rise. Over half of the world's tuna is harvested in the region. Many PICs rely on fisheries, tourism, and remittances for revenue. Although their remoteness helped most PICs to minimize Coronavirus Disease 2019 (COVID-19) infections, travel restrictions and border controls have disrupted tourism and trade, including food imports and tuna exports.

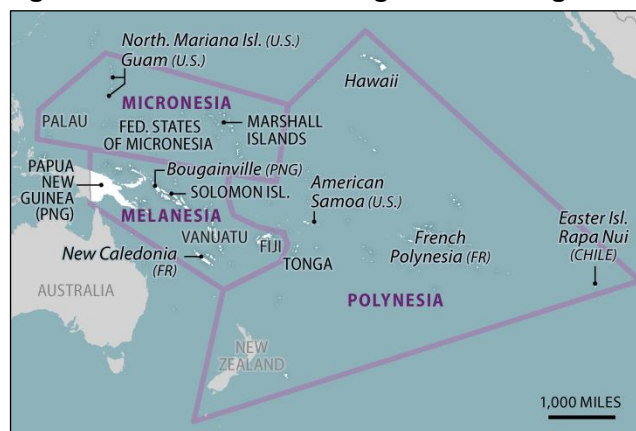
The Pacific Islands Forum (PIF) is the region's main political and economic policy organization with 18 members, including 14 PICs, two French "overseas collectivities," Australia, and New Zealand. In February 2021, following a leadership dispute, the five countries of the Micronesian subregion announced that they would withdraw from the organization. Tensions within the PIF may present challenges to regional cooperation.

### The United States and the Region

The United States has significant military assets based in the Pacific. U.S. Indo-Pacific Command, based in Hawaii, encompasses Oceania as part of its area of responsibility. The United States has air and naval bases on Guam and an

intercontinental ballistic missile test site on Kwajalein Atoll in the Marshall Islands (Ronald Reagan Missile Test Site), which also supports space surveillance activities. The Department of Defense is installing radar systems in Palau. The United States has military ties with Fiji, PNG, and Tonga, the only PICs with regular military forces.

**Figure 1. The Pacific Islands Region and Subregions**



Source: Congressional Research Service.

The United States has shiprider agreements with 11 PICs, which allow local law enforcement officers to embark on U.S. naval and coast guard ships in order to board and search vessels suspected of violating laws and to combat Illegal, Unreported, and Unregulated (IUU) fishing. The Department of State extends \$21 million annually in assistance to Pacific Island parties to the South Pacific Tuna Treaty (SPTT) to support sustainable fisheries.

U.S. Department of State and U.S. Agency for International Development (USAID) assistance to the Pacific Islands region focuses on disaster prevention and response, climate resiliency and environmental protection, government and civil society, digital connectivity, fisheries, energy, basic health, and HIV/AIDS prevention and treatment in PNG. In 2018, the United States announced the Papua New Guinea Electrification Partnership, a collaborative effort with Australia, Japan, and New Zealand, that focuses on expanding the capacity and distribution of the country's electrical supply. In 2019, the Department of State launched a new Pacific Islands regional program as part of its Indo-Pacific Strategy.

In 2019 and 2020, the Department of State, as part of its "Pacific Pledge," committed a total of \$300 million in new U.S. assistance, including \$130 million to respond to COVID-19 in the region. USAID provided over \$27.7 million in COVID-19 assistance as of November 2021. In the 117<sup>th</sup> Congress, a wide-ranging bill, Boosting Long-term U.S. Engagement in the Pacific Act (BLUE Pacific

Act, H.R. 2967), would increase U.S. assistance to the Pacific Islands and promote government capacity, trade, climate resiliency, and civil society.

## The Freely Associated States

The United States and the FAS are negotiating the extension of economic assistance pursuant to the Compacts of Free Association, which is set to expire in 2023 for the Marshall Islands and Micronesia and 2024 for Palau, while defense, security, and immigration provisions are to continue. Some U.S. policymakers have expressed support for continued economic support to the FAS, including federal program assistance, given their ongoing economic dependency, U.S. historical obligations, and the perceived need to counter China's rising influence in the region.

From 1946 to 1958, the United States conducted 67 atmospheric atomic and thermonuclear weapons tests over the Marshall Islands atolls of Bikini and Eniwetok. The U.S. government has provided compensation and funding to the Marshall Islands for nuclear test-related injuries, damages, health care, and soil remediation through the Compact of Free Association and legislation. Some policymakers, including Members of Congress, argue that the United States should provide additional assistance to the Marshall Islands to address lingering issues related to the nuclear tests. (See CRS Report R46573, *The Freely Associated States and Issues for Congress*.)

## International Assistance

According to the Lowy Institute in Australia, Australia and New Zealand contribute 55% of all foreign assistance to the Pacific Islands region. In 2019, the top aid donors were Australia (\$864.6 million), New Zealand (\$253.9 million), and Japan (\$179.3 million). The United States provided \$140.1 million and China \$128.5 million. Other large donors include the European Union and Taiwan, which has competed with China for diplomatic allies in the region. Taiwan has official relations with four PICs (Marshall Islands, Nauru, Palau, and Tuvalu), while China has relations with ten. Most U.S. economic assistance to the region is provided to the FAS pursuant to the Compacts of Free Association, with funds appropriated by the Department of the Interior. China now rivals Australia in terms of economic assistance to the PICs, although most PRC aid is in the form of loans rather than grants.

## China's Influence

The PRC has become a significant actor in the South Pacific through diplomacy, economic engagement, and infrastructure and other construction. China has eight embassies among the PICs compared to the United States' six, and regularly hosts Pacific Island leaders in Beijing. China has loaned significant sums to several PICs, which some analysts fear could lead to unsustainable debt burdens and greater PRC leverage. China has surpassed Australia to become the region's largest trade partner. The PRC is a significant market for PIC natural resource exports and tourism. China's rapidly expanding fishing fleet in the region has contributed significantly to IUU fishing.

Solomon Islands Prime Minister Manasseh Sogavare's decision to switch diplomatic recognition from Taiwan to

the PRC in 2019, combined with inter-ethnic tensions, culminated in anti-government demonstrations in Honiara, the capital, by people from Malaita province in November 2021. Protesters set buildings on fire, mostly in the city's Chinatown. Australia, New Zealand, Fiji, and PNG sent security forces to help restore order. In December 2021, China sent police advisors and anti-riot equipment.

## Security Challenges

Some reports suggest China is interested in developing dual-use ports and airfields in the region. A PRC company constructed a wharf in Vanuatu in 2017, although Vanuatu leaders stated there were no discussions about a PRC military base. To preempt PRC investment at Lombrum naval base in PNG, Australia and the United States agreed in 2018 to jointly develop it; a Chinese company reportedly is expanding and upgrading an airport nearby. Observers have expressed concern China will recommission the satellite tracking station in Kiribati it built prior to Kiribati establishing relations with Taiwan (from 2003 to 2019).

The United States, Australia, and Japan have cooperated on efforts to provide alternatives, due to cybersecurity concerns, to Chinese investment in 5G telecommunications networks in the region. In 2021, the three countries announced that they would jointly fund an undersea telecommunications cable that would boost internet access in Kiribati, Micronesia, and Nauru. In 2019, Australia financed an undersea cable connecting PNG, the Solomon Islands, and Australia, thereby precluding Chinese telecommunications firm Huawei from successfully competing for the project. Australia, the United Kingdom (U.K.), and the United States signed the AUKUS agreement in 2021, which allows Australia to build nuclear-powered submarines with U.S. and U.K. technology. The agreement aims to counter PRC military advances in the Indo-Pacific.

## Climate Change

Climate change and related sea level rise present an existential threat to several PICs. Some studies project that groundwater contamination and damage to crops and infrastructure will render many low-lying Pacific atoll islands uninhabitable within decades. PICs were among the first countries to sign the Paris climate accord. PIC leaders agreed on an expanded concept of security in the 2018 Boe Declaration on Regional Security, which states that climate change remains "the single greatest threat" to the Pacific.

## Self Determination

In a third referendum vote in November 2021, New Caledonia, which has large nickel deposits, voted to remain part of France. Indigenous Kanak boycotted the referendum, which may undermine the legitimacy of the vote and possibly lead to political unrest. In a nonbinding 2019 referendum, 98% of the inhabitants of the island of Bougainville in PNG voted for independence. The Bougainville and PNG governments are in the process of negotiating a roadmap for independence which must be approved by the PNG parliament.

---

**Thomas Lum**, Specialist in Asian Affairs

**Bruce Vaughn**, Specialist in Asian Affairs

---

## Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.